

ORIGINAL

NEW APPLICATION



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BEFORE THE ARIZONA CORPORATION COMMISSION  
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E-01750A-09-0336

IN THE MATTER OF THE APPLICATION  
OF MOHAVE ELECTRIC COOPERATIVE,  
INC. FOR APPROVAL OF ITS 2010  
RENEWABLE ENERGY STANDARD AND  
TARIFF PLAN, INCLUDING A REVISED  
RENEWABLE ENERGY STANDARD  
TARIFF

DOCKET NO. E-01750A-09-

APPLICATION

Arizona Corporation Commission

DOCKETED

JUN 20 2009

DOCKETED BY

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Mohave Electric Cooperative, Inc. ("MEC"), through its undersigned attorneys, submits this Application requesting approval of its 2010 Renewable Energy Standard and Tariff ("REST") Plan, including a revised renewable energy standard tariff (the "2010 REST Plan") pursuant to the Commission's Renewable Energy Standard ("RES") rules (and in particular AAC R14-2-1813 and R14-2-1808) and to the extent not otherwise superseded, the Commission Environmental Portfolio Standard ("EPS") rules (and in particular AAC R14-2-1618). This Application is supported by the following:

1. MEC is a member-owned non-profit cooperative that is certified to provide electricity as a public service corporation in the State of Arizona.
2. Since approval of the EPS Rules and REST Rules, Arizona Electric Power Cooperative, Inc. ("AEPSCO") has filed EPS/REST Plans on behalf of itself and four of its member distribution cooperatives, including MEC.

1           3.     AEPCO's EPS/REST Plans have been approved by Commission Decision No.  
2     67176, dated August 10, 2004, Decision No. 68328, dated December 9, 2005, Decision No.  
3     69728, dated July 30, 2007 and Decision No. 70655, dated December 12, 2008.

4           4.     By this Application, MEC files its own REST Plan for 2010, attached hereto as  
5     Exhibit A and incorporated herein by this reference. While MEC's 2010 REST Plan  
6     maintains significant features of the AEPCO REST Plan, it was fashioned after Navopache  
7     Electric Cooperative, Inc.'s ("NEC") REST Plan in form and arrangement, as well as many of  
8     the Plan elements. MEC and NEC have been cooperating in the area of geothermal  
9     renewable resources and this cooperation aided MEC in the development of MEC's 2010  
10    REST Plan.

11          5.     Highlights of changes as compared to the AEPCO umbrella REST Plan,  
12    include:

13               a.     An aggressive and specific goal for developing a 5 MW solar project  
14    within the MEC service territory that will allow MEC to more completely meet the  
15    portfolio goals of the ACC. This larger-scale distributed solar generation project: (i)  
16    provides the benefits of solar generation equally to all members of the cooperative, (ii)  
17    spreads the costs and benefits equally, (iii) avoids the development of transmission  
18    projects to import the solar power, (iv) simplifies the electrical management of solar  
19    generation as opposed to import, and (v) provides local generation support within the  
20    MEC load pocket.

21               b.     A focus on MEC development of geothermal generation, as well as  
22    partnering with NEC on geothermal generation, within the service territory of MEC  
23    and/or NEC. Geothermal generation projects: (i) provide the benefits of geothermal  
24    generation equally to all members of the cooperative, (ii) spreads the costs and benefits  
25    equally, (iii) avoids the development of transmission projects to import the renewable

1 power, (iv) simplifies the electrical management of geothermal generation as opposed  
2 to import, and (v) provides local generation support within the MEC load pocket.

3 c. Increases the total amount collected from MEC members by about 50%,  
4 allowing MEC to (i) more aggressively pursue renewable resources, (ii) increase its  
5 advertising and communication efforts with the membership to gain support of the  
6 programs and direction of the plan, (iii) increase its caps on some of the programs, and  
7 (iv) offer rebates to a larger number of members.

8 d. Expands school solar installations within MEC service territory using  
9 Clean Renewable Energy Bonds ("CREB") bonds similar to the Sulphur Springs  
10 Valley Electric Cooperative Inc.'s REST Plan. This part of the plan will be subject to  
11 the implementation details of the State for federal stimulus plans presently under  
12 development.

13 e. Increases the caps on the Photovoltaic ("PV") for Schools Program from  
14 \$45,000 to \$50,000 per school installation. This program is separate and distinct from  
15 the CREBS program but may also be impacted by the State implementation of federal  
16 stimulus money or provide additional leveraging of State stimulus funds to schools  
17 depending on the State implementation.

18 6. MEC's 2010 REST Plan will retain elements of the umbrella AEPCO REST  
19 Plan, although aspects of certain programs have been amended to enable MEC to spread the  
20 benefits among a larger number of MEC customers. The programs in the AEPCO REST Plan  
21 that are being retained are:

- 22 a. The Voluntary Renewable Energy Program ("Green Energy").  
23 b. The SunWatts Residential and Commercial Incentive Program.  
24 c. The SunWatts Large-Scale Program (purchase contract and generation).  
25 d. The PV for Schools Program.

1 e. The Habitat for Humanity Program.

2 7. MEC and AEPCO are still discussing how available REST funds and  
3 Renewable Energy Credits generated prior to January 1, 2010 will be equitably apportioned  
4 to reflect the investment therein by MEC and its member customers.

5 8. By Decision No. 70167, dated February 27, 2008 the Commission approved  
6 MEC's RES Tariff. By this Application, MEC seeks to increase the REST surcharge by  
7 increasing the per kWh surcharge and the caps for various classes of customers as reflected  
8 on the revised REST Tariffs attached hereto (deletions shown by strikeouts and additions  
9 shown by underscore).

10 9. MEC will file its net metering tariff within the time frame specified by the  
11 Commission.

12 10. All communications regarding this Application should be provided to:

13 Michael A. Curtis  
14 William P. Sullivan  
15 Curtis, Goodwin, Sullivan,  
16 Udall & Schwab, P.L.C.  
17 501 E. Thomas Rd.  
18 Phoenix, Arizona 85012  
19 Phone: 602-393-1700  
20 Fax: 602-393-1700  
21 E-mail: mcurtis401@aol.com  
22 wsullivan@cgsuslaw.com

23 AND

24 Robert Broz, Chief Executive Officer  
25 Tyler Carlson, Chief Operating Officer  
Mohave Electric Cooperative, Inc.  
P.O. Box 1045  
Bullhead City, Arizona 86430  
Phone: 928-763-4115  
Fax: 928-763-3315  
tylermec@aol.com

1 WHEREFORE, Mohave Electric Cooperative, Inc. requests the Commission to  
2 approve its 2010 REST Plan attached hereto, including the changes to its RES Tariff set forth  
3 therein.

4 DATED this 30<sup>th</sup> day of June, 2009.

5 CURTIS, GOODWIN, SULLIVAN,  
6 UDALL & SCHWAB, P.L.C.

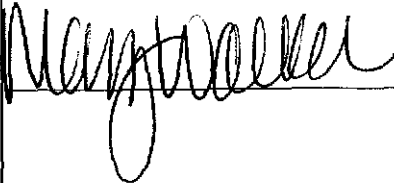
7  
8 By: 

9 Michael A. Curtis  
10 William P. Sullivan  
11 501 East Thomas Road  
12 Phoenix, Arizona 85012-3205  
Attorneys for Mohave Electric  
Cooperative, Inc.

13 PROOF OF AND CERTIFICATE OF MAILING

14 I hereby certify that on this 30<sup>th</sup> day of June 2009, I caused the foregoing  
15 document to be served on the Arizona Corporation Commission by delivering the original and  
16 thirteen (13) copies of the above to:

17 Docket Control  
18 Arizona Corporation Commission  
19 1200 West Washington  
Phoenix, Arizona 85007

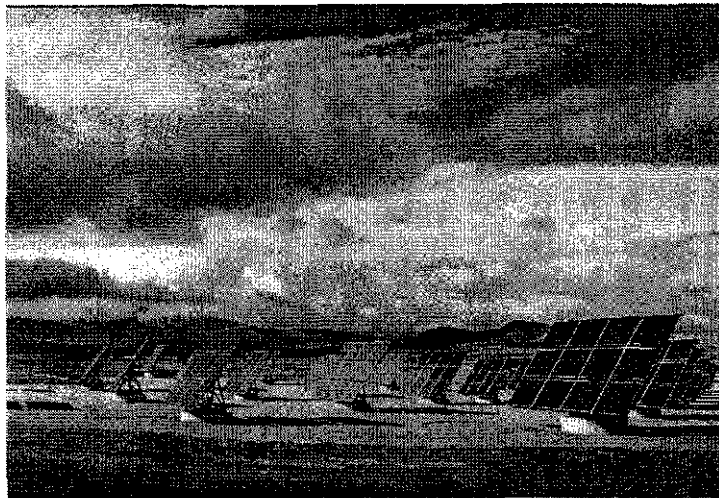
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23 1234-28-8-1/Pleadings/Application to Approve 2010 REST Plan  
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## **EXHIBIT A**

### **Mohave Electric Cooperative, Inc.'s 2010 Renewable Energy Standard and Tariff Plan**



**June 30, 2009**

**2010 Renewable Energy Standard & Tariff  
(REST PLAN)**

**Submitted by Tyler Carlson, Chief Operating Officer**

**Mohave Electric Cooperative, Inc.  
1999 Arena Drive  
Bullhead City, Arizona 86430  
[www.mohaveelectric.com](http://www.mohaveelectric.com)**

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**MOHAVE ELECTRIC COOPERATIVE, INC.  
RENEWABLE ENERGY STANDARD and TARIFF**

**I. BACKGROUND**

Mohave Electric Cooperative, Inc. ("MEC") is a rural electric transmission and distribution cooperative headquartered in Bullhead City, Arizona. MEC provides electric service to approximately 32,500 members in Mohave, Coconino, and Yavapai counties. MEC owns and operates 109 miles of sub-transmission lines and 1,375 miles of distribution lines. MEC employs approximately 79 employees and provides service to 27 meters per mile of line in its service territory.

MEC is presently a "partial requirements" wholesale power customer of the Arizona Electric Power Cooperative, Inc. ("AEPCO") and purchases additional wholesale resources from other market providers. In 2008, MEC delivered 690 gigawatt-hours in retail sales to its members.

Since the inception of the Environmental Portfolio Standard, ("EPS"), and subsequently the Renewable Energy Standard and Tariff, ("REST"), AEPCO has filed its annual compliance reports with the Director, Utilities Division, ACC, on behalf of its four Arizona member distribution cooperatives, including MEC. The AEPCO REST Compliance report for 2009 will be the last year that the report will include MEC. MEC, through this filing, will design and implement its own REST Plan, independent from AEPCO, beginning in 2010. MEC will continue to participate in the SunWatts Large-Scale Program administered by AEPCO.

## **II. MEC's REST PLAN**

The MEC REST Plan will include seven components to achieve compliance with its annual renewable energy requirement of 2.5% of retail sales for 2010. Those components are:

- Voluntary Renewable Energy Program
- Member Self-Directed Renewable Energy Program
- SunWatts Residential and Commercial Incentive Program
- Clean Renewable Energy Bonds (CREBS)
- SunWatts Large-Scale Program (In conjunction with AEPCO)
- Analysis of Geothermal Resources Within MEC's Service Territory
- Distributed Generation Solar Installation Within MEC's Service Territory

The first four incentive programs are self selecting; MEC can offer, but not compel, customers to undertake renewable projects. Adding the geothermal resources and distributed generation solar installation are programs directed by MEC that all customers will be able to utilize and share in the benefits.

All MEC rebates, rebate caps, details, and conditions are valid at the date of the plans adoption. Members with existing renewable energy systems are not eligible for additional rebates on the existing systems as a result of changes to the plan.

### **Voluntary Renewable Energy Program**

MEC will offer their retail customers a voluntary program whereby participating members of the Cooperative can support the purchase of "green energy." "Green Energy" will be offered to customers for purchase in 50 kWh blocks at a cost of \$2.00 each. "Green Energy" purchases will be reflected as a line item on participating members' monthly invoice. All funds received by MEC under this program will be added to amounts collected from surcharges and used for support of renewable energy projects. Advertising and other promotional materials and activities will encourage participation in this program.

### **Member Self-Directed Renewable Program**

An eligible MEC customer, who pays more than \$25,000 annually in renewable energy surcharge funds, may apply to MEC to receive funds to install distributed renewable energy resources. An eligible customer seeking to participate in this program shall submit to MEC a written application that describes the renewable energy resource that it proposes to install and the projected cost of the project. All renewable energy credits derived from the project shall be applied to satisfy the Cooperative's annual renewable energy requirement. This component is further described in greater detail in the "Renewable Energy Customer Self-Directed Tariff" included as part of this REST Plan in a later section entitled REST Tariffs.

### **SunWatts Residential and Commercial Incentive Program**

The SunWatts Incentive Program pays customers rebates to encourage the installation of qualifying member-owned photovoltaic ("PV"), solar water heating and small wind turbine systems. All incentive programs will be rebated on a first come, first served basis until funding is exhausted. For residential PV and small wind systems, MEC will pay \$2.50 / watt of installed nameplate capacity, up to 50% of the total cost of the system up to 5 kW in size. For commercial PV and small wind systems, MEC will pay \$2.50 / watt of installed nameplate capacity, up to 50% of the total cost of the system up to 10 kW in size. For residential systems larger than 5 kW and commercial systems larger than 10 kW, MEC will pay \$2.00 / watt of installed nameplate capacity for PV and small wind turbine systems up to 50 kW, not to exceed 50% of the total cost of the system. The combined generation capacity at the location is limited to a maximum of 125% of the total connected load at the location and is limited to one installation per service entrance.

PV and small wind projects larger than 50 kW are not covered by the REST tariff incentives and will be dealt with on a case-by-case basis through negotiated contracts.

For residential solar water heating systems, MEC will provide a rebate of \$0.75 per kWh of energy saved during the system's first year of operation. Solar systems must be OG-300 certified solar systems to be eligible for the SunWatts rebate. A list of OG-300 certified solar systems is available at the Solar Rating and Certification Corporation's website [www.solar-rating.org](http://www.solar-rating.org). MEC will only rebate those systems which replace a traditional electric water heater. In addition, the customer contribution to the cost of the solar water heater project must be a minimum of 15% of the total project cost after accounting for and applying all federal and state incentives. Solar swimming pool heating systems are not eligible for the SunWatts rebate.

In addition to the foregoing programs, MEC will continue to include Biomass, Biogas, Daylighting and Solar Space Cooling. The Daylighting program would rebate \$.20 per kWh saved during the first year. The other programs would offer Production Based Incentives ("PBI") paid for Renewable Energy Credits over a ten-year period. The Biomass/Biogas incentives per kWh will be: \$0.06 for electric generation, \$0.035 for Biomass/Biogas CHP electric, \$0.018 for Biomass/Biogas CHP-Thermal, \$0.015 for Biomass/Biogas thermal and \$0.032 for Biomass/Biogas cooling. The Solar Cooling PBI would be for ten years in the amount of \$0.129 per measured kWh.

### **Clean Renewable Energy Bonds ("CREBs")**

The CREBs program makes use of funding available through a Federal program that allows cooperatives to borrow money at no interest for use in renewable energy projects. The on-going Federal Economic Stimulus activities, and the associated State action, have some focus on renewable energy and schools. Depending on the outcome of State's implementation of those activities, Mohave would adapt this program to the results of the State's implementation. Depending on the State's results for implementing the Federal Stimulus Program, MEC intends to apply for multi-year funding of this program by application for CREBs. Subject to approval

by the federal government for CREBs funding, MEC will approve multiple applications for the use of this funding to develop projects up to 5 kW per installation.

### **SunWatts Large-Scale Program**

The SunWatts Large-Scale Program has two components: A Purchase Power Contract Program and a Generating Program. The Purchase Power Contract Program is administered by AEPCO on behalf of its member cooperatives, and MEC will continue to participate with AEPCO and its member cooperatives on projects that are determined to be beneficial and help in meeting the REST Plan requirements.

AEPCO has issued a Request For Proposals to secure a provider of renewable energy resources from third party producers. AEPCO is using ACES Power Marketing to analyze proposals received by AEPCO and expects to select a provider in response to its requests for proposal. AEPCO is also negotiating with Arizona Public Service Company to convert the Cooperative's share of the 250 MW Joint Development Project into a purchased power agreement. These purchases will be in varying sizes, depending upon their availability. MEC intends to participate with AEPCO in this endeavor.

The Large-Scale Generating program calls for the Cooperatives, as a group or in partnership with others, to install and operate utility-sized renewable generating units. MEC will participate with AEPCO in this endeavor, utilizing environmental surcharge funds already collected by MEC and deposited with AEPCO. MEC will continue with AEPCO on these efforts and will also be exploring other utility partnerships in the area of utility-sized renewable generating units.

### **Geothermal Resources Within The MEC Service Territory**

MEC, in partnership with Navopache Electric Cooperative, Inc., ("NEC"), has retained the firm of Black & Veatch, Consulting Engineers, ("B&V"), to investigate the feasibility of developing geothermal energy resources within each cooperative's service territory. B&V has partnered with GeothermEx, Inc. of Richmond, California to evaluate the literature in the public domain and information provided by NEC to identify and characterize known thermal waters, heat flow and geology.

GeothermEx will use the data collected and evaluated to describe geothermal targets, within or near the two service territories, in terms of depth, host formations and, if possible, order-of-magnitude estimates of generation potential. For the sites identified, preliminary estimates of land status, access, proximity to transmission infrastructure and water availability will be determined. A program of exploration and confirmation drilling, including costs and approximate timelines, has been developed by GeothermEx.

GeothermEx and B&V have delivered their final report to the Cooperatives, which concludes that the potential for an initial 5 MW geothermal generation resource is feasible in both service territories, with the NEC location having the highest probability for success. NEC has initiated a grant application to the DOE to fund exploratory drilling. MEC will monitor the

progress of NEC and is prepared to partner with NEC in the development of the geothermal resource once exploratory drilling indicates that the project will proceed to commercial development.

### **Distributed Generation Solar Installation Within MEC's Service Territory**

MEC is underway with the investigation of developing a 5 MW distributed solar generation project within the MEC service territory. The project is in the initial stages of land acquisition, developer negotiations, renewable technology alternative evaluation, determining electrical infrastructure requirements, determining the requirements for and application to electrical interconnection, finalizing a location within a Qualified Renewable Area and obtaining a source of funding for the project. The benefits of this distributed generation project is that it locates the generation within MEC load pocket, avoids transmission development and congestion, avoids transmission substation investments and directs member investment dollars to a concentrated roof-top program on the ground, effectively reducing load within the MEC load footprint.

### **Other Programs**

PV For Schools Program - MEC will propose to award a 5kW PV system to one school per year at no cost to the schools. MEC, using a competitive application process, will choose one school that is in MEC's service area. The budget for this program would not exceed \$50,000.

Habitat for Humanity Program - The MEC REST Plan will continue MEC's partnership with Habitat for Humanity to offer alternative energy options to low income housing in MEC's service area. MEC's budget will allow for one project per year and would not exceed \$25,000.

Educational Grant Program - One school per year, in MEC's service area, would be offered an educational grant of no more than \$5000 for the development of renewable energy generation educational curricula for the classroom.

Administrative, Advertising/Promotion, and Research and Development – MEC advertises and promotes its REST programs in a variety of mediums including, but not limited to, bill inserts, monthly newsletter, television, radio and community events. MEC will not use more than 15% of total surcharge funds for administration, research and development and advertising expenses. At the end of each program year, unused funds will be carried over to fund activities and programs in the following year.

### **Conclusion and Goals**

MEC has 37 residential and small commercial photovoltaic (PV) arrays installed within its service territory. The PV arrays range in size from 2 kW to 6 kW for a load reduction of 112 kW and an annual delivery of 245,333 kWh. MEC also has 13 small wind generators installed within its service territory. The wind generators are all rated at 2 kW for a load reduction of 25 kW and an annual delivery of 53,758 kWh. All of these member-owned systems were installed prior to January 2009 during MEC's participation in the AEPCO REST plan. (See Exhibit A)

MEC has partnered with the Bullhead City Habitat for Humanity to install a 3 kW PV array on the area's first Habitat for Humanity house scheduled for completion by the end of 2009.

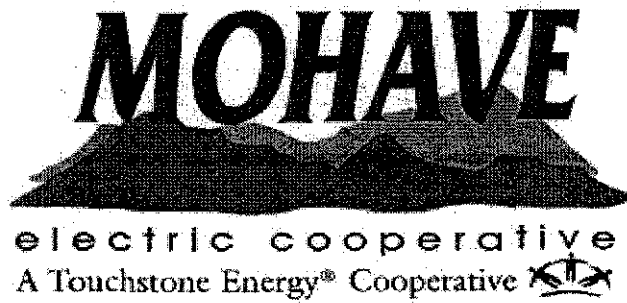
MEC has also partnered with Bullhead City to install a 50 kW PV system located at City Hall. The system is expected to produce 109,500 kWh annually.

Under the "PV for Schools" program, MEC has selected a school to receive a 5kW PV system. This project is scheduled for completion by the end of 2009.

MEC is actively working in partnership with NEC and consultants to evaluate potential geothermal development in our service territories. MEC and NEC in partnership are moving forward by way of Federal Grant Applications for potential geothermal development in one or both of our service areas.

MEC's goal is to provide renewable energy incentives to its members and to pursue increased opportunities beyond residential systems including geothermal and MEC owned distributed generation projects.

### **III. EXHIBITS**



# Exhibit A

## MEC Member Owned Wind & PV Summary

Year	Wind kW	PV kW	Rebates paid	\$ per kWh saved
2005		9.024	\$19,011	\$0.89
2006		4.776	\$8,000	\$0.71
2007	1.9	4.32	\$33,120	\$2.29
2008	22.8	93.904	\$349,616	\$2.28
Totals	24.7	112.024	\$409,747	\$2.28



#### **IV. REST TARIFFS**

MOHAVE ELECTRIC COOPERATIVE, INC.  
Bullhead City, Arizona  
RENEWABLE ENERGY STANDARD TARIFF

Effective: January 1, 2010

Renewable Energy Standard Tariff ("REST") Surcharge

On all bills for governmental with multiple meters, a REST Surcharge mandated by the Arizona Corporation Commission will be assessed monthly at the lesser of ~~\$0.000875~~ \$0.000942 per kilowatt-hour of retail electricity purchased by the consumer, or:

Governmental Customers: ~~\$ 13 per service~~ \$ 14 per service;

Governmental and Agricultural Customers whose metered demand is 3,000 kW or more for three consecutive months: ~~\$ 39.00 per service~~ \$42.00 per service.

On all bills for residential customers and highway customers, a RES Surcharge mandated by the Arizona Corporation Commission will be assessed monthly at the lesser of ~~\$ 0.004988~~ \$0.0095006 per kilowatt-hour of retail electricity purchased by the customer, or:

Residential Customers: ~~\$ 1.05 per service~~ \$ 2.00 per service

Highway Customers ~~\$ 1.05 per service~~ \$ 2.00 per service

On all bills for irrigation customers, small commercial customers and large power customers, a REST Surcharge mandated by the Arizona Corporation Commission will be assessed monthly at the lesser of ~~\$0.0049877~~ \$ 0.0053714 per kilowatt-hour of retail electricity purchased by the customer, or:

Irrigation Customers: ~~\$39.00 per service~~ \$ 42.00 per service

Small Commercial Customers: ~~\$39.00 per service~~ \$ 42.00 per service

Large Power Customers: ~~\$39.00 per service~~ \$ 42.00 per service

Non-Residential Customers whose metered demand is 3,000 kW or more for three consecutive months: ~~\$ 117.00 per service~~ \$ 126.00 per service

In the case of unmetered services, MEC shall, for purposes of billing the REST Surcharge and subject to the caps set forth above, not bill an additional REST surcharge on unmetered service to a member that has a metered service with MEC. For any new unmetered services MEC will use the lesser of (i) the load profile or otherwise estimated kWh required to provide the service in question; or (ii) the service's contract kWh for the purposes of REST billing.

The REST Surcharge is in addition to all other rates and charges applicable to service to the customer.

MOHAVE ELECTRIC COOPERATIVE, INC.  
Bullhead City, Arizona  
STANDARD OFFER TARIFF  
VOLUNTARY RENEWABLE ENERGY PROGRAM

Effective: For electrical usage beginning on January 1, 2010 and billed beginning with the February 1, 2010 cycle billings.

Availability

Available as an option to all residential and non-residential standard offer members of the Cooperative to participate in the Cooperative's renewable energy program. Not applicable for resale, breakdown, standby or auxiliary service.

Type of Service

Available to all classes of members, regardless of service entrance size or installed infrastructure located at the member's residence or place of business.

Monthly Rate

\$ 2.00 per month for each block of 50 kWh of electric generation from renewable resources. Members electing this option may purchase one or more blocks. The rate is in addition to the otherwise applicable charges for all kWh consumed under standard offer service provided by the Cooperative.

Term

Members of the Cooperative may enroll at any time, effective at the beginning of the next billing month. Members may terminate their participation at any time by notifying the Cooperative; termination is effective at the end of the current billing month. Terminations made in conjunction with termination of all service from the Cooperative are effective at the time of such termination. Elections to participate or to cancel participation must be made in writing on a form supplied by the Cooperative.

Conditions

All funds collected under this Schedule will be used solely to construct, operate, and maintain renewable energy projects carried out by the Cooperative in Arizona, including solar electric generating projects. Electric energy generated by renewable resources is blended with other energy throughout the Cooperative's distribution system. Energy delivered to members electing this option will consist of such blended energy.

### Tax Adjustment

The applicable sales tax in Arizona will be added to bills where required. The Cooperative is authorized to pass on to the consumers the applicable proportionate part of any taxes or government impositions, which are or may in the future be assessed on the basis of the gross revenues of the Cooperative.

### Terms of Payment

Billing made under this schedule will be due and payable upon receipt and past due fifteen (15) days from the date the bill is mailed. Service will be subject to disconnect in accordance with the Cooperative's collection policy.

MOHAVE ELECTRIC COOPERATIVE, INC.  
Bullhead, Arizona  
RENEWABLE ENERGY CUSTOMER SELF-DIRECTED TARIFF

Effective: January 1, 2010

Renewable Energy Standard Tariff ("REST") Customer Self-Directed Option

Application

The REST Customer Self-Directed Option is applicable to single and three phase service for Non-Residential Customers with multiple meters that pay more than \$ 25,000 annually in RES Surcharge funds pursuant to the Renewable Energy Standard Tariff for any number of related accounts or services within the Cooperative's service territory.

Eligible Customer

An Eligible Customer may apply to the Cooperative to receive funds to install Distributed Renewable Energy Resources. An Eligible Customer seeking to participate in this program shall submit to the Cooperative a written application that describes the Renewable Energy Resources that it proposes to install and the projected cost of the project. An Eligible Customer shall provide at least half of the funding necessary to complete the project described in its application.

An Eligible Customer shall enter into a contract with the Cooperative that specifies, at a minimum, the following information: the type of Distributed Generation ("DG") resource, its total estimated cost, kWh output, its completion date, the expected life of the DG system, a schedule of Eligible Customer expenditures and invoices for the DG system, Cooperative payments to an Eligible Customer for the DG system, and the amount of a Security Bond or Letter of Credit necessary to ensure the future operation of the Eligible Customers' DG system, metering equipment, maintenance, insurance, and related costs.

If proposed to be connected to the Cooperative's electrical system, an Eligible Customer's DG resource shall meet all of the Cooperative's DG interconnection requirements and guidelines before being connected to the Cooperative's electrical system.

All Renewable Energy Credits derived from the project, including generation and extra credit multipliers, shall be applied to satisfy the Cooperative's Annual Renewable Energy Requirement.

The funds annually received by an Eligible Customer pursuant to this tariff may not exceed the amount annually paid by the Eligible Customer pursuant to the RES Surcharge Tariff.

## **V. REST FUNDING FROM SURCHARGE**

MOHAVE ELECTRIC COOPERATIVE, INC.  
Renewable Energy Resource (RES) Budget  
REST Funding From Surcharge



Rate	Proposed REST		Current REST							
	2010		2010							
Schedule	Projected Annual		Projected Annual		Percent	Average	Average	Percent Not	Average	
					Reaching Existing Cap	Bill Cost	Bill Cost	Reaching Existing Cap	Bill Cost	
Residential	748,636		<del>387,460</del>		80.50%	\$2.00	\$1.05	19.50%	\$0.52	
Government	26,787		<del>24,874</del>		12.03%	\$14.00	<del>\$13.00</del>	87.97%	\$1.88	
Small Commercial	405,830		<del>375,736</del>		7.45%	\$42.00	<del>\$39.00</del>	92.55%	\$6.26	
Large Power	48,961		44,545		97.75%	\$42.00	<del>\$39.00</del>	2.25%	\$23.94	
Irrigation	9,512		24		1.15%	\$42.00	\$1.05	98.85%	\$39.63	
Highway	1,710		67		0.00%	\$2.00	\$1.05	100.00%	\$1.50	
Total REST Funding	1,241,436		<del>832,703</del>							

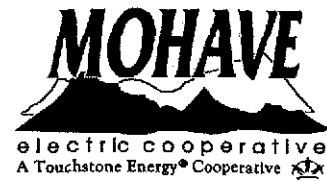


**REST Funding from Surcharge**

	<b>Current</b>	<b>Current</b>	<b>Proposed</b>
<b>Sample Customers</b>	<b>kWh Average</b>	<b>REST Average</b>	<b>REST Tariff</b>
Barber Shop	1,283	\$6.42	\$6.89
Department Store	577,260	\$39.00	\$42.00
Mall (less tenants)	2,545	\$12.70	\$13.61
Retail Video Store	14,107	\$39.00	\$42.00
Large Hotel	46,467	\$39.00	\$42.00
Large Building Supply and Hardware	183,217	\$39.00	\$42.00
Motel	14,080	\$39.00	\$39.00
Large Office Building	69,493	\$39.00	\$42.00
Hospital	207,810	\$39.00	\$42.00
Supermarket	214,340	\$39.00	\$42.00
Convenience Store	30,687	\$39.00	\$42.00
School	88,800	\$13.00	\$14.00
Irrigation Customer	17,585	\$13.00	\$14.00
Government Complex	66,050	\$13.00	\$14.00

## **VI. FIVE YEAR REST BUDGET**

**MOHAVE ELECTRIC COOPERATIVE, INC.**  
**Renewable Energy Resource (RES) Budget**  
**Five Year Projection**



	2010	2011	2012	2013	2014
Carry Forward Funding from AEPCo	0				
Forecasted Carry Forward	0	0	0	0	0
RES Funding	1,241,436	1,254,233	1,267,030	1,279,827	1,292,625
RES Program Forecast Expenditures	-1,241,436	-1,254,233	-1,267,030	-1,279,828	-1,292,624
Carry Forward Funding	0	0	0	0	0

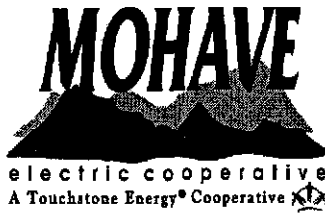
<u>Tariff Revenues</u>	1,241,436	1,254,233	1,267,030	1,279,827	1,292,625
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Expenditures

Residential and Commercial Incentives	708,750	720,000	780,000	780,000	840,000
5MW Distributed Generation-Solar	168,686	186,233	164,030	201,828	154,624
Purchase Power Agreement	0	0	0	0	0
Member Self Directed	0	0	0	0	0
Solar Water Heating	9,000	18,000	18,000	18,000	18,000
RUS Loan Repayment	0	0	0	0	0
GeoThermal Resources	100,000	75,000	50,000	25,000	25,000
Administration & Advertising	180,000	180,000	180,000	180,000	180,000
Other Programs	75,000	75,000	75,000	75,000	75,000
Total Expenditures	1,241,436	1,254,233	1,267,030	1,279,828	1,292,624

Net Carry Forward	0	0	0	0	0
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## **VII. UNIFORM CREDIT PURCHASE PROGRAM**



## RENEWABLE ENERGY INCENTIVE PROGRAM

With the Renewable Energy Incentive Program, MEC will pay its members up to \$ 2.50/watt (installed nameplate capacity) of an acceptable renewable energy technology\* such as a photovoltaic array or a wind turbine, up to 50% of the installed cost. The maximum amount of a payment incentive will be \$30,000 and only one incentive payment per service entrance\*\* will be allowed.

- (1) You select and have installed a qualifying solar electric system, wind turbine, or other renewable energy technology at your home or business. This home or business must be served by MEC. Furthermore, your system must meet all qualifications listed in the following "Qualifications" section.
- (2) You must use a licensed electrical or solar contractor to install the system and the installation must meet IEEE standards, the National Electric Code, as well as the MEC Interconnection standards. The contractor must also certify the systems installed nameplate capacity in watts. **The incentive amount that you receive is dependent on the installed nameplate capacity in watts.**
- (3) You sign an agreement assigning rights to the associated environmental credits to MEC.
- (4) All kWh hours generated by your renewable energy system and delivered back to the MEC distribution system will be purchased at the rates established under a Net Metering\*\*\* tariff to be approved by the Arizona Corporation Commission (ACC). It is anticipated that the MEC Net Metering tariff will be approved by the end of 2009. ACC approval of the MEC Net Metering tariff is required prior to implementation by MEC.
- (5) You, the owner of the renewable energy system, are responsible for payment of normal system repairs and maintenance to the unit, including labor.
- (6) In order to receive the rebate, you must submit the following to MEC:
  - Certification from a MEC representative that the installed unit meets the qualifications as set out in the Incentive Program Systems Qualifications page.
  - Proof of code inspection of the installation and of the system's installed nameplate capacity in watts certified by a licensed contractor. Failure to pass a code inspection and have a licensed contractor perform the installation and certify the system's output will result in refusal of the rebate.
  - A signed Renewable Energy Incentive Program Enrollment Form.
  - Copies of all building permits and inspection cards.
- (7) Once the documentation is submitted, please allow 30 days for your rebate to be processed. In the event that demand for non-residential funds exceeds a period allocation, MEC may provide reservations to those projects above the allocation depending on the current REST compliance status and availability of funding. In the event that funds collected for use in the Distributed Energy incentive program are not fully subscribed in a program year, those funds will be applied towards the next program year. The funds will be allocated to achieve the required energy outcome between residential and non-residential projects.

**Documents Must be Submitted to:**

Mohave Electric Cooperative, Inc.

Energy Management Department

PO Box 1045

Bullhead City, AZ 86430

Phone: 928-763-1100 (Option #4 and ask for Energy Management Department)

FAX: 928-763-7357

\* Those renewable energy technologies which qualify for inclusion in the Arizona Corporation Commission Renewable Energy Standard & Tariff.

\*\* A service entrance is the electric meter location and associated wiring on the member's premises.

\*\*\* "Net Metering" refers to a system which deducts energy produced by a system and delivered to the grid from the energy purchased from the grid.

## RENEWABLE ENERGY INCENTIVE PROGRAM

### ENROLLMENT FORM

By signing below, I am assigning my rights to the associated environmental credits to MEC. I further agree that any excess generation which flows back through to the MEC distribution system will be purchased by MEC at the rates to be established under a Net Metering tariff to be approved by the Arizona Corporation Commission.

I understand that as the owner of the equipment, I am fully responsible for the unit's operation and safety. I will pay for normal system maintenance and repairs to the unit, including labor.

I also agree to allow MEC to inspect my unit after installation to ensure it meets requirements set forth in the Renewable Energy Incentive Program Systems Qualifications documentation. I agree that MEC is not in any way responsible for the unit, its safety, operation, insurance or repair.

I, \_\_\_\_\_ (Print Name), hereby certify that I have read and reviewed the Renewable Energy Incentive Program Systems Qualifications. I understand that I am solely responsible for ensuring that these qualifications are met and maintained for the life of my electric generating system and I am responsible for any consequences if they are not met. I understand they are needed for safe operation of my and MEC's electrical system. I also understand that if they are not met, I am not eligible for any rebate from MEC.

DATE \_\_\_\_\_ SIGNATURE(S) \_\_\_\_\_

#### PLEASE PRINT:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: (\_\_\_\_) \_\_\_\_\_

Account Number: \_\_\_\_\_

Service Location: \_\_\_\_\_

Description of Renewable Energy Resource: \_\_\_\_\_

Projected Cost: \_\_\_\_\_

Signature(s): \_\_\_\_\_

Date: \_\_\_\_\_

Processing of the rebate is contingent on the accurate certification/testing of the unit. Rebate processing may take up to 30 days. MEC reserves the right to refuse payment of a rebate based on the following reasons, including but not limited to: failure to meet the qualifications set forth in the Renewable Energy Incentive Program Systems Qualifications documentation, incomplete enrollment packets, insufficient system testing or certification, installation and/or testing/certification by an unlicensed electrician.

## RENEWABLE ENERGY INCENTIVE PROGRAM

### INCENTIVE PROGRAM SYSTEM QUALIFICATIONS

**All member-owned renewable energy system components must meet the following system and installation requirements to be connected to the MEC electric distribution system:**

1. The system components must be certified as meeting the requirements of IEEE-929 – Recommended Practice for Utility Interface of Photovoltaic Systems.
2. The system components must be certified as meeting the requirements of UL – 1741 – Power Conditioning Units for use in Residential Photovoltaic Power and be covered by a non-prorated manufacturer's warranty of at least two years.
3. The system design and installation must meet all requirements of the latest edition of the National Electric Code (NEC), including Article 690 and all grounding, conductor, raceway, over-current protection, disconnect and labeling requirements.
4. The system and installation must meet the requirements of all federal, state and local building codes and have been successfully inspected by the building official having jurisdiction. To do so, the installation must be completed in accordance with the requirements of the latest edition of the NEC in effect in the jurisdiction where the installation is being completed, including, without limitation, Sections 200-6, 210-6, 230-70, 240-3, 250-26, 250-50, 250-122, all of Article 690 pertaining to photovoltaic systems, thereof, all as amended and superseded.
5. A wind turbine system must be certified as meeting the requirements of UL – 1741 – Standard for Safety for Inverters, Converters, Controllers, and Interconnection System Equipment for Use With Distributed Energy Resources, 1<sup>st</sup> Edition; IEEE 1547 – 2003; CAN/CSA-C22.2 No 107.1-01, 3<sup>rd</sup> Edition.
6. An AC disconnect means shall be provided on all ungrounded AC conductors and shall consist of a lockable gang-operated disconnect clearly indicating open or closed. The switch shall be visually inspected to determine that the switch is open. The switch shall be clearly labeled stating "Renewable Energy System AC Disconnect."
7. All system installations must be completed in a professional, workman-like and safe manner.
8. All system installations must be completed by a licensed electrical contractor. **NO EXCEPTIONS.**



## RENEWABLE ENERGY INCENTIVE PROGRAM

### OPERATION OF RENEWABLE ENERGY SYSTEM, SALE OF PROPERTY & MEMBER'S REFUND OBLIGATION

Your participation in the MEC Renewable Energy Incentive Program assumes that you will operate your system continuously for a period of ten (10) years after you receive the incentive payment from MEC. If you fail to do so, then you will be considered to be out of compliance with the program requirements and MEC will be entitled to take certain actions described below.

You are required to notify MEC within five (5) business days after your system is either removed from your property or is no longer operational. MEC will consider this notification as the removal date. If you fail to maintain and operate your system for at least one year after the date you receive the incentive payment, liquidated damages may apply. In such event, you will be required to reimburse us the total amount of the incentive payment in certified funds no later than five (5) business days after your receipt of our request that you refund the incentive payment to MEC. If the removal date occurs after the first year but before the end of the tenth year, we reserve the right to request a pro-rated refund of the incentive payment. If your removal date occurs in Year 2, you would refund to MEC 80% of the incentive payment, Year 3, 70%, in Year 4, 60% and so on.

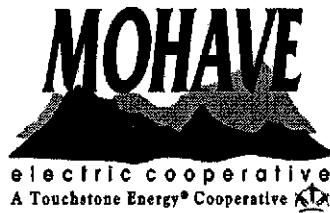
MEC may waive the foregoing reimbursement obligation or any other instance of your noncompliance if it is determined that the renewable energy system is not operational due to equipment malfunction or other disrepair that is not attributable to you, and, you are actively and reasonably making diligent, good faith efforts to repair the renewable energy system and return it to operation.

When MEC receives your reimbursement payment this incentive agreement will be deemed terminated and neither MEC nor you will have any further obligation to each other, but resolution of our respective obligations and rights will continue to be determined by this agreement until our relationship with each other is finally and completely resolved.

There are certain important conditions to consider if you sell your property where the renewable energy system is installed.

- a. You are required to notify MEC in writing promptly in the event that you intend to sell your property.
- b. If you sell your property within one (1) year after we pay you the incentive payment and your buyer does not continue to operate and maintain the renewable energy system you will be required to reimburse MEC the total amount of the incentive payment.
- c. If you sell your property more than one (1) year after you receive the incentive payment, you must make arrangements to have your buyer agree to these terms and conditions whereby your buyer will continue to operate the renewable energy system.

## **VIII. INTERCONNECTION APPLICATION**



## ***Application for Operation of Member-Owned Small Generation Attached to MEC***

**This application should be completed as soon as possible and returned to MEC's Engineering representative in order to begin processing the request.**

*INFORMATION: This application is used by MEC to determine the required equipment configuration for the Customer interface. Every effort should be made to supply as much information as possible. This application is intended to apply to member-owned systems attached to MEC distribution system on the member side of the meter.*

### **OWNER/APPLICANT INFORMATION**

Company: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

City: \_\_\_\_\_ County: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Phone Number: \_\_\_\_\_ Representative: \_\_\_\_\_

### **PROJECT DESIGN/ENGINEERING (ARCHITECT) (as applicable)**

Company: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

City: \_\_\_\_\_ County: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Phone Number: \_\_\_\_\_ Representative: \_\_\_\_\_

### **ELECTRICAL CONTRACTOR (as applicable)**

Company: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

City: \_\_\_\_\_ County: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Phone Number: \_\_\_\_\_ Representative: \_\_\_\_\_ ROC# \_\_\_\_\_

### **TYPE OF GENERATOR (as applicable)**

Photovoltaic

Wind

Other

### **ESTIMATED LOAD AND GENERATOR RATING**

The following information will be used to help properly design the interconnection between MEC's facilities and the Member's facilities. This information is not intended as a commitment or contract for billing purposes.

Total Site Load \_\_\_\_\_ (kW)

Residential \_\_\_\_\_ Commercial \_\_\_\_\_ Industrial \_\_\_\_\_

Generator Nameplate Rating \_\_\_\_\_ (kW) Annual Estimated Generation \_\_\_\_\_ (kWh)

### **DESCRIPTION OF PROPOSED INSTALLATION AND OPERATION**

Give a general description of the proposed installation, including a detailed description of its planned location, number of panels or turbines, model numbers, and nameplate output.

## INVERTER DATA (if applicable)

Manufacturer: \_\_\_\_\_ Model: \_\_\_\_\_ Rated  
Power Factor (%): \_\_\_\_\_ Rated Voltage (Volts): \_\_\_\_\_ Rated Amperes: \_\_\_\_\_  
Inverter Type (ferroresonant, step, pulse-width modulation, etc): \_\_\_\_\_

Type commutation: forced line Harmonic Distortion: Maximum Single Harmonic (%) \_\_\_\_\_  
Maximum Total Harmonic (%) \_\_\_\_\_ Note: Attach all available  
calculations, test reports, and oscillographic prints showing inverter output voltage and current waveforms.

## SIGN OFF AREA

The member agrees to provide MEC with any additional information required to complete the interconnection. The member shall operate their equipment within the guidelines set forth by MEC.

Applicant \_\_\_\_\_

Date \_\_\_\_\_

## MEC CONTACT FOR APPLICATION SUBMISSION AND FOR MORE INFORMATION:

Mohave Electric Cooperative, Inc.  
Engineering Department  
PO Box 1045  
Bullhead City, Arizona 86430  
Phone: 928-763-1100 FAX: 928-763-3315

## **IX. USDA RUS FORM 7**

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 16 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE	BORROWER DESIGNATION AZ0022
FINANCIAL AND STATISTICAL REPORT	PERIOD ENDED December, 2008 (Prepared with Audited Data)
INSTRUCTIONS - For detailed instructions, see RUS Bulletin 1717B-2.	BORROWER NAME
This data will be used by RUS to review your financial situation. Your response is required (7 U.S.C. 901 et. seq.) and may be confidential.	MOHAVE ELEC COOP INC

#### CERTIFICATION

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES

DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII  
(check one of the following)

☒ All of the obligations under the RUS loan documents have been fulfilled in all material respects.

☐ There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report.

Robert Broz

6/8/2009

DATE

#### PART A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE			THIS MONTH
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	74,962,964	75,522,263	73,596,000	6,522,599
2. Power Production Expense				
3. Cost of Purchased Power	58,811,538	60,279,822	59,600,000	4,339,855
4. Transmission Expense	88,992	94,771	111,500	(13,460)
5. Distribution Expense - Operation	1,477,969	2,018,055	1,561,600	136,760
6. Distribution Expense - Maintenance	1,232,701	1,156,550	1,281,320	120,339
7. Customer Accounts Expense	1,725,273	1,976,277	1,774,700	270,550
8. Customer Service and Informational Expense	212,273	167,852	244,100	11,159
9. Sales Expense	135,080	141,415	146,700	(8,179)
10. Administrative and General Expense	3,841,512	4,274,868	3,672,760	702,888
11. Total Operation & Maintenance Expense (2 thru 10)	67,525,338	70,109,610	68,392,680	5,559,912
12. Depreciation and Amortization Expense	1,719,418	1,802,335	1,730,000	155,003
13. Tax Expense - Property & Gross Receipts	0			
14. Tax Expense - Other	0			
15. Interest on Long-Term Debt	2,010,657	2,273,712	2,273,400	188,822
16. Interest Charged to Construction - Credit	0			
17. Interest Expense - Other	104,467	103,791	104,600	9,165
18. Other Deductions	4,407	35,855	7,000	26,973
19. Total Cost of Electric Service (11 thru 18)	71,364,287	74,325,303	72,507,680	5,939,875
20. Patronage Capital & Operating Margins (1 minus 19)	3,598,677	1,196,960	1,088,320	582,724
21. Non Operating Margins - Interest	541,266	351,129	440,000	127,892
22. Allowance for Funds Used During Construction	0			
23. Income (Loss) from Equity Investments	296,787	110,369		110,369
24. Non Operating Margins - Other	143	13,742	200	358
25. Generation and Transmission Capital Credits	0	5,999,029		(5,975,802)
26. Other Capital Credits and Patronage Dividends	96,931	92,892	100,000	
27. Extraordinary Items	0			
28. Patronage Capital or Margins (20 thru 27)	4,533,804	7,764,121	1,628,520	(5,154,459)

USDA - RUS			BORROWER DESIGNATION		
FINANCIAL AND STATISTICAL REPORT			AZ0022		
INSTRUCTIONS - See RUS Bulletin 1717B-2			PERIOD ENDED		
			December, 2008		
PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT					
ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	1,262	602	5. Miles Transmission	107.23	108.59
2. Services Retired	56	43	6. Miles Distribution - Overhead	1,042.05	1,051.81
3. Total Services in Place	42,483	43,042	7. Miles Distribution - Underground	295.35	324.47
4. Idle Services (Exclude Seasonals)	3,380	4,381	8. Total Miles Energized (5 + 6 + 7)	1,444.63	1,484.87
PART C. BALANCE SHEET					
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
1. Total Utility Plant in Service	87,154,370		29. Memberships	161,245	
2. Construction Work in Progress	1,206,265		30. Patronage Capital	52,116,111	
3. Total Utility Plant (1 + 2)	88,360,635		31. Operating Margins - Prior Years	0	
4. Accum. Provision for Depreciation and Amort	31,917,651		32. Operating Margins - Current Year	7,288,881	
5. Net Utility Plant (3 - 4)	56,442,984		33. Non-Operating Margins	475,240	
6. Non-Utility Property (Net)	0		34. Other Margins and Equities	1,909,023	
7. Investments in Subsidiary Companies	0		35. Total Margins & Equities (29 thru 34)	61,950,500	
8. Invest. in Assoc. Org. - Patronage Capital	20,059,696		36. Long-Term Debt - RUS (Net)	15,770,957	
9. Invest. in Assoc. Org. - Other - General Funds	3,415		37. Long-Term Debt - FFB - RUS Guaranteed	16,272,788	
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	818,122		38. Long-Term Debt - Other - RUS Guaranteed	0	
11. Investments in Economic Development Projects	0		39. Long-Term Debt Other (Net)	7,625,642	
12. Other Investments	0		40. Long-Term Debt - RUS - Econ. Devel. (Net)	0	
13. Special Funds	176,253		41. Payments - Unapplied	0	
14. Total Other Property & Investments (6 thru 13)	21,057,486		42. Total Long-Term Debt (36 thru 40 - 41)	39,669,387	
15. Cash - General Funds	924,601		43. Obligations Under Capital Leases - Noncurrent	0	
16. Cash - Construction Funds - Trustee	7		44. Accumulated Operating Provisions		
17. Special Deposits	0		and Asset Retirement Obligations	0	
18. Temporary Investments	14,800,000		45. Total Other Noncurrent Liabilities (43 + 44)	0	
19. Notes Receivable (Net)	1,982,757		46. Notes Payable	0	
20. Accounts Receivable - Sales of Energy (Net)	3,524,280		47. Accounts Payable	4,935,710	
21. Accounts Receivable - Other (Net)	942,438		48. Consumers Deposits	1,846,525	
22. Materials and Supplies - Electric & Other	2,479,493		49. Current Maturities Long-Term Debt	1,545,873	
23. Prepayments	1,314,670		50. Current Maturities Long-Term Debt		
24. Other Current and Accrued Assets	184,919		-Economic Development	0	
25. Total Current and Accrued Assets (15 thru 24)	26,153,165		51. Current Maturities Capital Leases	0	
26. Regulatory Assets	0		52. Other Current and Accrued Liabilities	1,833,005	
27. Other Deferred Debits	16,322,638		53. Total Current & Accrued Liabilities (46 thru 52)	10,161,113	
28. Total Assets and Other Debits (5+14+25 thru 27)	119,986,273		54. Regulatory Liabilities	0	
			55. Other Deferred Credits	8,205,273	
			56. Total Liabilities and Other Credits		
			(35+ 42 + 45 + 53 thru 55)	119,986,273	



<p>USDA-RUS</p> <p><b>FINANCIAL AND STATISTICAL REPORT</b></p> <p><i>INSTRUCTIONS - See RUS Bulletin 1717B-2</i></p>	<p><b>BORROWER DESIGNATION</b> AZ0022</p> <p><b>PERIOD ENDED</b> December, 2008</p>
<p><b>PART D. NOTES TO FINANCIAL STATEMENTS</b></p>	
<p>Post-Audit Report revision I - Reclassification from Construction Work in Progress to Miscellaneous Deferred Debits-Construction Advances</p>	

USDA - RUS		BORROWER DESIGNATION					
FINANCIAL AND STATISTICAL REPORT		PERIOD ENDED					
INSTRUCTIONS - See RUS Bulletin 1717B-2							
<b>PART E. CHANGES IN UTILITY PLANT</b>							
PLANT ITEM	BALANCE BEGINNING OF YEAR (a)	ADDITIONS (b)	RETIREMENTS (c)	ADJUSTMENTS AND TRANSFER (d)	BALANCE END OF YEAR (e)		
1. Distribution Plant	63,590,784	3,628,425	182,727	(293,910)	66,742,572		
2. General Plant	4,945,051	146,140	97,658	0	4,993,533		
3. Headquarters Plant	4,144,263	98,117			4,242,380		
4. Intangibles	579				579		
5. Transmission Plant	7,166,185	4,229,024	219,902		11,175,307		
6. All Other Utility Plant	0				0		
7. Total Utility Plant in Service (1 thru 6)	79,846,862	8,101,706	500,287	(293,910)	87,154,371		
8. Construction Work in Progress	20,727,652	(19,521,387)			1,206,265		
9. TOTAL UTILITY PLANT (7 + 8)	100,574,514	(11,419,681)	500,287	(293,910)	88,360,636		
<b>PART F. MATERIALS AND SUPPLIES</b>							
ITEM	BALANCE BEGINNING OF YEAR (a)	PURCHASED (b)	SALVAGED (c)	USED (NET) (d)	SOLD (e)	ADJUSTMENT (f)	BALANCE END OF YEAR (g)
1. Electric	2,925,030	1,381,192		1,848,699		20,611	2,478,134
2. Other	14,396	1,359		14,396			1,359
<b>PART G. SERVICE INTERRUPTIONS</b>							
ITEM	AVERAGE MINUTES PER CONSUMER BY CAUSE				TOTAL (e)		
	POWER SUPPLIER (a)	MAJOR EVENT (b)	PLANNED (c)	ALL OTHER (d)			
1. Present Year	24.270	53.500	2.590	65.580	145.940		
2. Five-Year Average	43.560	92.650	1.200	58.720	196.130		
<b>PART H. EMPLOYEE-HOUR AND PAYROLL STATISTICS</b>							
1. Number of Full Time Employees	78	4. Payroll - Expensed	3,903,149				
2. Employee - Hours Worked - Regular Time	165,293	5. Payroll - Capitalized	513,991				
3. Employee - Hours Worked - Overtime	564	6. Payroll - Other	8,804				
<b>PART I. PATRONAGE CAPITAL</b>							
ITEM	DESCRIPTION	THIS YEAR (a)	CUMULATIVE (b)				
1. Capital Credits - Distributions	a. General Retirements	0	5,222,405				
	b. Special Retirements	214,585	3,392,893				
	c. Total Retirements (a + b)	214,585	8,615,298				
2. Capital Credits - Received	a. Cash Received From Retirement of Patronage Capital by Suppliers of Electric Power	0					
	b. Cash Received From Retirement of Patronage Capital by Lenders for Credit Extended to the Electric System	67,279					
	c. Total Cash Received (a + b)	67,279					
<b>PART J. DUE FROM CONSUMERS FOR ELECTRIC SERVICE</b>							
1. AMOUNT DUE OVER 60 DAYS	\$ 93,159	2. AMOUNT WRITTEN OFF DURING YEAR	\$ 391,018				

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Part K. kWh PURCHASED AND TOTAL COST							
No	ITEM (a)	RUS USE ONLY SUPPLIER CODE (b)	kWh PURCHASED (c)	TOTAL COST (d)	AVERAGE COST (Cents/kWh) (e)	INCLUDED IN TOTAL COST - FUEL COST ADJUSTMENT (f)	INCLUDED IN TOTAL COST - WHEELING AND OTHER CHARGES (g)
1	Powerex	800228	32,797,000	3,966,696	12.09		
2	Southwest Transmission Cooperative, Inc.	800383		7,110,846	0.00		7,113,046
3	Arizona Electric Pwr Coop, Inc (AZ0028)	786	761,166,000	47,083,676	6.19	11,387,000	81,708
4	*Miscellaneous Purchases	800429	12,601,992	1,003,819	7.97		
5	Western Area Power Admin	27000	8,768,000	1,082,265	12.34		
6	*Miscellaneous	700000		22,531	0.00		22,531
	Total		816,322,992	60,279,822	7.39	11,387,000	7,217,284

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PART L. LONG-TERM LEASES			
No	NAME OF LESSOR (a)	TYPE OF PROPERTY (b)	RENTAL THIS YEAR (c)
	Total		

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PART M. ANNUAL MEETING AND BOARD DATA			
1. Date of Last Annual Meeting 6/27/2008	2. Total Number of Members 32,249	3. Number of Members Present at Meeting 108	4. Was Quorum Present? Y
5. Number of Members Voting by Proxy or Mail	6. Total Number of Board Members 9	7. Total Amount of Fees and Expenses for Board Members \$ 148,420	8. Does Manager Have Written Contract? Y

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PART N. LONG-TERM DEBT AND DEBT SERVICE REQUIREMENTS					
No	ITEM	BALANCE END OF YEAR (a)	INTEREST (Billed This Year) (b)	PRINCIPAL (Billed This Year) (c)	TOTAL (Billed This Year) (d)
1	Rural Utilities Service (Excludes RUS - Economic Development Loans)	15,770,957	853,956	910,490	1,763,846
2	National Rural Utilities Cooperative Finance Corporation	5,932,002	471,846	336,732	808,378
3	Bank for Cooperatives	1,693,560	127,769	26,431	154,200
4	Federal Financing Bank	16,272,788	820,940	241,989	1,062,929
5	RUS - Economic Development Loans				
6	Payments Unapplied				
	Total	39,669,387	2,273,711	1,515,642	3,789,353

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PART O. POWER REQUIREMENTS DATA BASE - ANNUAL SUMMARY				
CLASSIFICATION	CONSUMER SALES & REVENUE DATA	DECEMBER (a)	AVERAGE NO. CONSUMERS SERVED (b)	TOTAL YEAR TO DATE (c)
1. Residential Sales (excluding seasonal)	a. No. Consumers Served	34,619	34,924	
	b. kWh Sold			383,056,437
	c. Revenue			42,300,871
2. Residential Sales - Seasonal	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
3. Irrigation Sales	a. No. Consumers Served	22	23	
	b. kWh Sold			5,519,428
	c. Revenue			591,657
4. Comm. and Ind. 1000 KVA or Less	a. No. Consumers Served	4,001	3,999	
	b. kWh Sold			227,665,313
	c. Revenue			22,089,567
5. Comm. and Ind. Over 1000 KVA	a. No. Consumers Served	3	3	
	b. kWh Sold			74,181,600
	c. Revenue			5,327,232
6. Public Street & Highway Lighting	a. No. Consumers Served	16	16	
	b. kWh Sold			440,136
	c. Revenue			36,992
7. Other Sales to Public Authorities	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
8. Sales for Resale - RUS Borrowers	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
9. Sales for Resale - Other	a. No. Consumers Served	1	1	
	b. kWh Sold			83,664,305
	c. Revenue			4,562,350
10. TOTAL No. of Consumers (lines 1a thru 9a)		38,662	38,966	
11. TOTAL kWh Sold (lines 1b thru 9b)				774,527,219
12. TOTAL Revenue Received From Sales of Electric Energy (line 1c thru 9c)				74,908,669
13. Other Electric Revenue				613,593
14. kWh - Own Use				677,186
15. TOTAL kWh Purchased				815,322,992
16. TOTAL kWh Generated				
17. Cost of Purchases and Generation				60,374,593
18. Interchange - kWh - Net				
19. Peak - Sum All kW Input (Metered) Non-coincident      Coincident <input checked="" type="checkbox"/>				198,125

## FINANCIAL AND STATISTICAL REPORT

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BORROWER DESIGNATION

AZ0022

PERIOD ENDED

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## PART I. INVESTMENTS

No	DESCRIPTION (a)	INCLUDED (\$) (b)	EXCLUDED (\$) (c)	INCOME OR LOSS (\$) (d)	RURAL DEVELOPMENT (e)
<b>2</b>	<b>Investments in Associated Organizations</b>				
	NRUCFC		302,000	53,557	
	Federated Rural Insurance		95,029	21,770	
	ERMCO	6,083			
	NRTC		699,996		
	CoBank		109,270	17,564	
	NRUCFC-CTC/LTC		818,122	6,969	
	ERMCO	100			
	CoBank		1,000		
	NRUCFC		1,000		
	Sierra S.W.	100			
	Southwest Transco	100			
	Grand Canyon State-Membership	100			
	Arizona Electric Power Coop	5	17,501,043		
	NRTC-Membership		1,000		
	Southwest Transco-Cap Cr		1,346,295		
	NRECA		10		
	Totals	8,468	20,874,765	99,860	
<b>5</b>	<b>Special Funds</b>				
	Homestead Funds	176,253			
	Totals	176,253			
<b>6</b>	<b>Cash - General</b>				
	Chase Bank	823,101	100,000		
	Working Funds		1,500		
	Totals	823,101	101,500		
<b>8</b>	<b>Temporary Investments</b>				
	CFC Commercial Paper		14,800,000		
	Totals		14,800,000		
<b>9</b>	<b>Accounts and Notes Receivable - NET</b>				
	Accounts Receivable	942,438			
	Notes Receivable	1,982,757			
	Totals	2,925,195			
<b>11</b>	<b>TOTAL INVESTMENTS (1 thru 10)</b>	<b>3,931,017</b>	<b>36,778,265</b>	<b>99,860</b>	



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PART II, LOAN GUARANTEES					
No	ORGANIZATION (a)	MATURITY DATE (b)	ORIGINAL AMOUNT (\$) (c)	LOAN BALANCE (\$) (d)	RURAL DEVELOPMENT (e)
	Total				
	TOTAL (Included Loan Guarantees Only)				

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Part III, RATIO					
RATIO OF INVESTMENTS AND LOAN GUARANTEES TO UTILITY PLANT <small>(Total Of Included Investments (Part, 11b) and Loan Guarantees - Loan Balance (Part II, 5d) to Total Utility Plant (Form 7, Part C, Line 3))</small>					4.44 %
PART IV, LOANS					
No	ORGANIZATION (a)	MATURITY DATE (b)	ORIGINAL AMOUNT (\$) (c)	LOAN BALANCE (\$) (d)	RURAL DEVELOPMENT (e)
1	Employees, Officers, Directors	9/1/2018	100,000	100,000	
2	Energy Resources Conservation Loans				
	Total		100,000	100,000	